

Message Text

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ACTION STR-07

INFO OCT-01 ARA-10 EUR-12 EA-10 IO-13 ISO-00 STRE-00

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08

FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00

ICA-11 SP-02 SOE-02 OMB-01 DOE-15 OIC-02 AF-10

NEA-10 /168 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 9020

INFO AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

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USMTN

ACTION STR FOR GREENWALD, FEKETEKUTY, FLAGG

STR PASS CODEL

EO 11652:N/A

TAGS: MTN, ETRD, BR, BE, JA

SUBJECT: FRAMEWORK -- "3 PLUS 3" SESSION ON B/P AND

- ECONOMIC-DEVELOPMENT SAFEGUARDS

REF: GENEVA 6107

1. GATT DG LONG RE-CONVENED EXPERIMENTAL "3 PLUS 3 GROUP" APRIL 26 TO DISCUSS FRAMEWORK TOPIC II (BALANCE-OF-PAYMENTS AND ECONOMIC-DEVELOPMENT SAFEGUARDS); EXPECTED DISCUSSION ON TOPIC V (EXPORT CONTROLS) DEFERRED FOR LACK OF TIME TO FOLLOWING WEEK. PRESENT WERE U.S. (HARTZELL, LIMITED OFFICIAL USE

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MARK), EC (LUYTEN), JAPAN (UKAWA), BRAZIL (AMB. MACIEL), INDIA (KUMAR), YUGOSLAVIA (TOMIC), AND BOTH DEPUTY DGS PLUS STAFF. SESSION DEVOTED ALMOST ENTIRELY TO LENGTHY RE-HASHING OF FAMILIAR LDC VIEWS ON SUBJECT WITH FEW SIGNS OF FLEXIBILITY GIVEN ON SPECIFIC POINTS.

2. U.S. COMMENTS ON MTN DEL DRAFT B/P "UNDERSTANDING" (SEE

GENEVA 4507) EMPHASIZED APPROACH AIMED AT POLITICAL COMMITMENTS RE USE OF B/P MEASURES AND PROCEDURAL IMPROVEMENTS RESULTING THEREFROM, BUT NOT LEGAL CHANGES PER SE IN EXISTING GATT RIGHTS AND OBLIGATIONS. DRAFT CIRCULATED INFORMALLY AS WORKING VEHICLE (INCORPORATING SOME POINTS MADE BY OTHERS, INCLUDING EC AND BRAZIL) AND HAS TO DATE BEEN GIVEN MOSTLY FAVORABLE RECEPTION. EC AND JAPAN ENDORSED GENERAL THRUST OF U.S. APPROACH -- WITH IMPORTANT EXCEPTION OF DC "PLEDGE" TO AVOID USING B/P MEASURES, ON WHICH EC HAS BEEN BALKING FOR SEVERAL WEEKS -- AND RECOGNIZED MERIT IN SUBJECTING ALL B/P MEASURES (I.E., SURCHARGES/DEPOSITS AS WELL AS QRS) TO SIMILAR DISCIPLINES REGARDLESS OF THEIR "LEGALITY" UNDER GATT.

3. BRAZIL HEDGED ON ACCEPTABILITY OF MTN DEL DRAFT AS WORKING VEHICLE AND INSTEAD CLUNG TENACIOUSLY TO BRAZILIAN PROPOSAL (MTN/INF/16) FOR MAIN ARGUMENTS -- I.E., GIVE LDCS FREE HAND IN APPLYING B/P MEASURES, WITH PERFUNCTORY REVIEW THEREOF IN VIRTUALLY ALL CASES; EXEMPT LDCS' PRODUCTS FROM ANY B/P ACTION TAKEN BY DCS. U.S., EC AND JAPAN REACTED NEGATIVELY.

4. ON "INFANT INDUSTRY" TOPIC, BY-NOW-ROUTINE EXCHANGE OCCURRED WITH BRAZIL PRESSING FOR "BROADER, LESS RIGID" BASIS FOR USING ART. XVIII:A AND C PROVISIONS AND DCS FAILING TO BE PERSUADED SINCE NO COUNTRY YET HAS SOUGHT LIMITED OFFICIAL USE

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SUCH COVERAGE AND FAILED. (WHEN ASKED TO INDICATE MORE SPECIFICALLY WHAT PROBLEMS BRAZIL HAD ENCOUNTERED UNDER ART. XVIII:A OR C, AMB. MACIEL SAID MATTER WAS "TOO COMPLICATED TO RECOUNT.") LUYTEN SUGGESTED INFANT-INDUSTRY PROVISIONS NEVER USED SINCE SO MANY EASIER WAYS EXIST TO ACCOMPLISH SAME ENDS.

5. SESSION CLOSED INCONCLUSIVELY, WITH AGREEMENT TO RE-CONVENE SAME GROUP MAY 2 FOR DISCUSSION OF EXPORT-CONTROLS TOPIC. FYI. WE HAVE PROVIDED BRAZILIAN, INDIAN AND YUGOSLAV DELS WITH COPIES OF MTN DEL DRAFT "UNDERSTANDING" ON EXPORT CONTROLS (SEE GENEVA 6019) ON INFORMAL BUT CONFIDENTIAL BASIS, NOTING DRAFT NOT RPT NOT INTENDED FOR FORMAL DISTRIBUTION AS U.S. PROPOSAL BUT DOES REFLECT CURRENT WASHINGTON THINKING. END FYI. LUYTEN ADVISED GROUP THAT EC COULD ACCEPT DISCUSSION AT NEXT SESSION ALSO ON DISPUTE-MANAGEMENT TOPIC, PROVIDED THAT NO "FRAMEWORK LABEL" ATTACHED.

6. COMMENT: NOTWITHSTANDING RHETORICAL POSTURING BY AMB. MACIEL AT THIS MEETING, PARTICIPATION BY BRAZILIAN DEL IN RECENT DC-LDC WORKING SESSIONS ON B/P TOPIC HAS GENERALLY

BEEN WORKMANLIKE AND EVEN CONSTRUCTIVE (GENEVA 4507).
REVISION OF MTN DEL DRAFT B/P UNDERSTANDING TO ACCOUNT
FOR CERTAIN BRAZILIAN IDEAS (E.G. SPECIFIC CRITERIA FOR
DECIDING FULL-VS.-SIMPLIFIED CONSULTATION QUESTION, BUT
REVERSING BRAZIL'S PRESUMPTION THAT FULL CONSULTATION IS
"THE EXCEPTION") COULD HELP TO BRING BRAZIL AND OTHER KEY
LDCS ON BOARD. END COMMENT.

7. DRAFTED BY MARK. CULBERT#

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